

Beyond CRM: A New Strategy for Service

■ Creatively solving a customer issue before it becomes a problem is at the heart of “un-service,” or customer contact elimination—it’s a new way of looking at the future of customer service.

Delivering quality service to customers is both resource- and capital-intensive. Most companies spend millions on it only to discover that they aren’t doing it right. Indeed, there are a number of obstacles that are difficult for organizations to overcome.

You need a large and highly trained staff, specialized technology, and a high degree of management sophistication in this specialized area to even get into the game. But what forward-thinking businesspeople are asking is, “Do I really want to play this game?” They are just beginning to understand that they can’t possibly win at it.

At first, large call centers were the solution to handle customer issues. Then computer telephony integration (CTI) applications were touted as the industry darlings. After these, customer relationship management (CRM) software was the silver bullet to crack the difficult customer puzzle, and of course, then new Internet applications were the panacea that just didn’t pan out. After 30 to 40 years of successively more complex solutions aimed at customer management, success in this area remains elusive.

The *solution* is not to do it at all. Corporations must get off the customer support treadmill. To do so, they would need to stop squandering resources addressing the by-product of poor quality and start addressing the root cause of the customer contact.

What everyone in the industry has been doing in the past has been treating symptoms and hoping the patient gets better. What is required is not contact management, but contact elimination or avoidance. This is an unconventional, but a vastly more sophisticated approach to customer satisfaction and loyalty.

What Is CRM?

There is a high degree of “new” hype and hoopla that surrounds all of the “old” hype and hoopla that has formed a swirling frenzy of misconceptions and misunderstandings about customer relationship management. The confusion has grown so deep that the real issues are being lost. They are clouded by the smoke of oversimplifications and distorted by many software vendors and consultants.

Many people seem to be unsure of what CRM really means, let alone what potential benefits it can bring. Everyone seems to have a unique understanding of the concept. It is reminiscent of the old adage: That which tries to be everything to everyone, soon becomes nothing to no one. So what exactly is CRM?

- Is it field sales (sales force automation)?
- Is it customer contact centers (call centers/help desks)?
- Is it marketing (analytics/campaign management)?
- Is it field service (field service automation)?

In truth, CRM encompasses all of these. It is a very



broad concept. It is this fact that causes much of the confusion. CRM is focused on the customer-facing activities that have become known as the “front office.” The front office is characterized by three broad functions that are focused on customers. Three primary functions related to customers that every organization must perform are:

- Acquiring customers.
- Selling customers.
- Servicing customers.

CRM seems to describe any and all front-office activities, so when the term CRM is used, it always seems to generate the question, “What exactly does it involve?” It is a humbling experience for industry experts who must ask that same question when discussing CRM with peers and clients.

So to answer that question, for the purposes of this dis-

cussion, we will focus on the customer-servicing aspects that organizations perform.

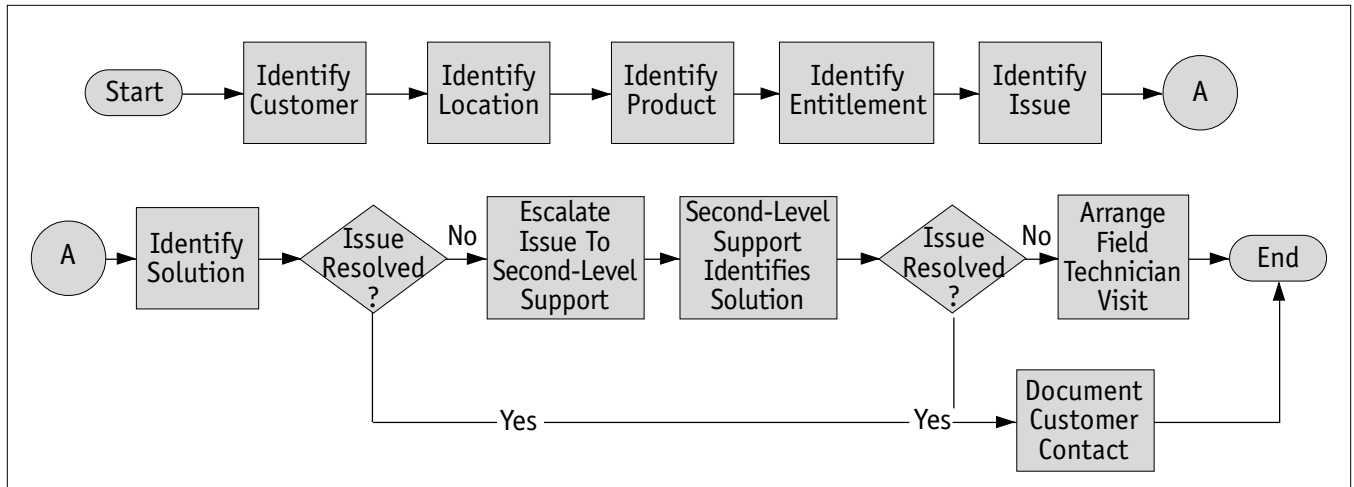
The Fundamentals of Customer Contacts

The industry is separated into two broad categories—sales and service. Sales customer contacts have the potential to produce revenue, while service contacts typically are performed to meet contract or service obligations and can represent an increased cost to the organization. The focus of this discussion is on the latter, as we take an in-depth look at the service side of customer interactions.

The service contact is characterized by performance of the common functions or tasks illustrated in *Figure 1*.

Delivering quality support is an expensive proposition for most organizations. Not only is it expensive, but cost issues aside, it is simply difficult to deliver. There are a

Figure 1



host of obstacles that range from poorly trained staff to poorly performing systems that adversely impact contact handling. It takes a high degree of both labor and management resources, and it remains an operational nightmare for many companies.

So what do most organizations do? CRM and customer management in general is a demanding and unforgiving endeavor. It is made more formidable by the functional silos created by most organizational structures.

The staff profiles required to perform these functions range from entry-level analysts to experienced technicians to engineers. They are expensive resources. Not only are payroll costs high, but also the infrastructure to allow efficient customer interaction is complex and expensive.

Companies also invest in costly technical solutions like CRM software packages, workflow, automatic call distributors (ACD), interactive voice response systems (IVR), computer telephony integration, e-mail handling systems, interactive Internet messaging, and other high-cost items. They also deploy Web self-service applications that allow the customer to perform support tasks for themselves.

In short, companies continue to buy bigger and better tools.

For the last 20 years, the industry has labored under the notion that if we handle customer problems efficiently, we will build customer satisfaction and loyalty that will translate into repeat purchases and increased sales.

New research is proving this notion incorrect. Loyalty is not built by spending millions of dollars on handling customer contacts and spending none on addressing the root causes of customer issues buried in our products, services, processes, and communications.

The Evolution of the Services Industry

There has been a steady and constant evolution of how the largest enterprises handle their customer relationships and interactions.

- **Customer Service:** In the 1980s, all major industries focused on customer service via the telephone and customer call centers. There were significant costs associated with this type of customer handling. Specialized and highly trained staff to handle customer requests in large volumes is a costly proposition, and the management obstacles to successful operations and

high quality are significant. This type of service is marked in customers' minds as long queues and hold times as they wait to be serviced. Poor service quality is what many companies deliver by their contact center channels.

- **Self-Service:** In the 1990s, major companies scrambled to implement self-service applications that basically brought an ATM approach or self-service applications to replace the labor-intensive and costly customer service call centers. This explosion in customer self-help applications coincided with the widespread proliferation of new computer hardware and software technology. This was marked by the wide deployment of interactive voice response systems and self-help Internet-based applications. A customer can perform their own troubleshooting of a problem, check their banking account balances, check their bill payment status, and place an order without any staff assistance. This high degree of automation has not always been designed and deployed with high quality in mind. More often its aim is to reduce cost, and unfortunately, there are more examples of poor applications to service customers than quality systems.

- **"Un-Service":** In 2000 and be-

yond, the visionary solution is now to regard each customer contact as a failure of process or product and to address the root cause of those failures to design and engineer them away by process or product improvements. This solution of “un-service” is the future of at least 80 percent of the CRM customer contact industry. The remaining 20 percent are applications that are sales-focused and bear revenue for companies.

Into the future, all three forms of service—customer service, customer self-service, and “un-service”—will continue to co-exist together to some degree. However, the primary focus and how we try and solve customer problems will change. We will discover the most efficient way to handle customer contact is *not* to handle them and see that the customer problem is eliminated from our products and services.

Imagine the financial impact to the bottom line that is possible by eliminating the need for 25 percent of the customers that call an organization for assistance. What will drive this concept are not only the financial rewards, but also the increased customer satisfaction and loyalty that is driven by increased quality in services and products.

The Value of Information

If each customer contact represents a failure, each contact represents an opportunity for improvement. The value from a continuous improvement and quality standpoint is enormous, and the implications for improved products, processes, or communications are far-reaching.

Consider this common example: A customer who bought a new SUV calls the OEM to complain that the seat hurts their back. Imagine that of the many millions of customer contacts the company receives, several

hundred complaints regarding the seat design in one model are received. Do you think this information makes its way back to the product team, to the engineers responsible for the seat design? It is very unlikely that it does. Unless contact volumes are large enough that the trend just jumps up and bites them, it is unlikely to even be recognized.

Another is a customer who bought a new processor, but the documentation regarding setting up certain options is unclear, and a common error occurs during installation. Do you think this information makes its way back to the product team, to the engineers responsible for documentation or product design? Probably not.

Organizations are so focused on efficient contact handling and issue resolution that they don't focus on root cause analysis or eliminating the reason why a customer contacts an organization at all. It is a classic case of treating the symptoms and ignoring the real reason for the illness.

Organizations should not be in the business of handling customer contact, but rather they should be in the business of eliminating them. They must gather the information from all their customer contacts (failures) and go about eliminating the underlying reason why they occurred.

The shift in focus is radical and unconventional, and only the most visionary and forward-thinking organizations will even entertain such a venture. But that will change in time as the old vision

continues to fail to meet customer expectations and as the costs to provide quality service continue to rise.

A New Organizational Blueprint
Business-as-usual pervades and poisons the services and support industry. “Every contact is a failure” should be the new mantra for the future. Every customer contact calls for some action on the part of the organization to channel information to the appropriate functional group. The responsible group must perform analysis and improve product, process, or communication. Contacts (failures) should be charged to a functional group. The number of contacts charged to each functional group should be a key performance metric for evaluating success. Assigning blame for the failure (customer contact) holds each functional group within an organization responsible for customer satisfaction, product quality, process improvement, and clear and accurate communication. No more should organizations be evaluated on how many contacts they handle or how efficiently they handle them. The new measurement is how few they receive. This almost sounds too simple.

Figure 2

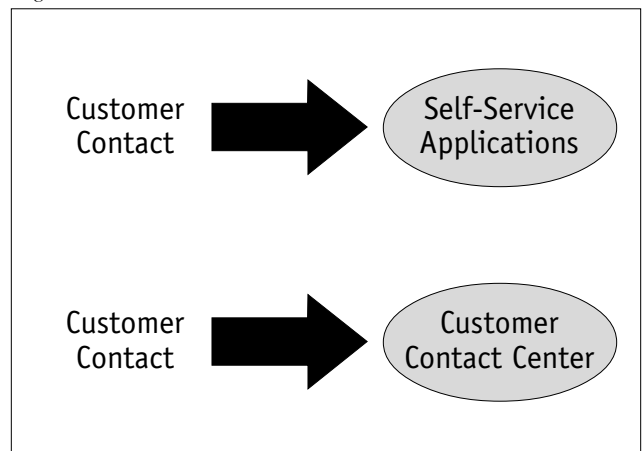
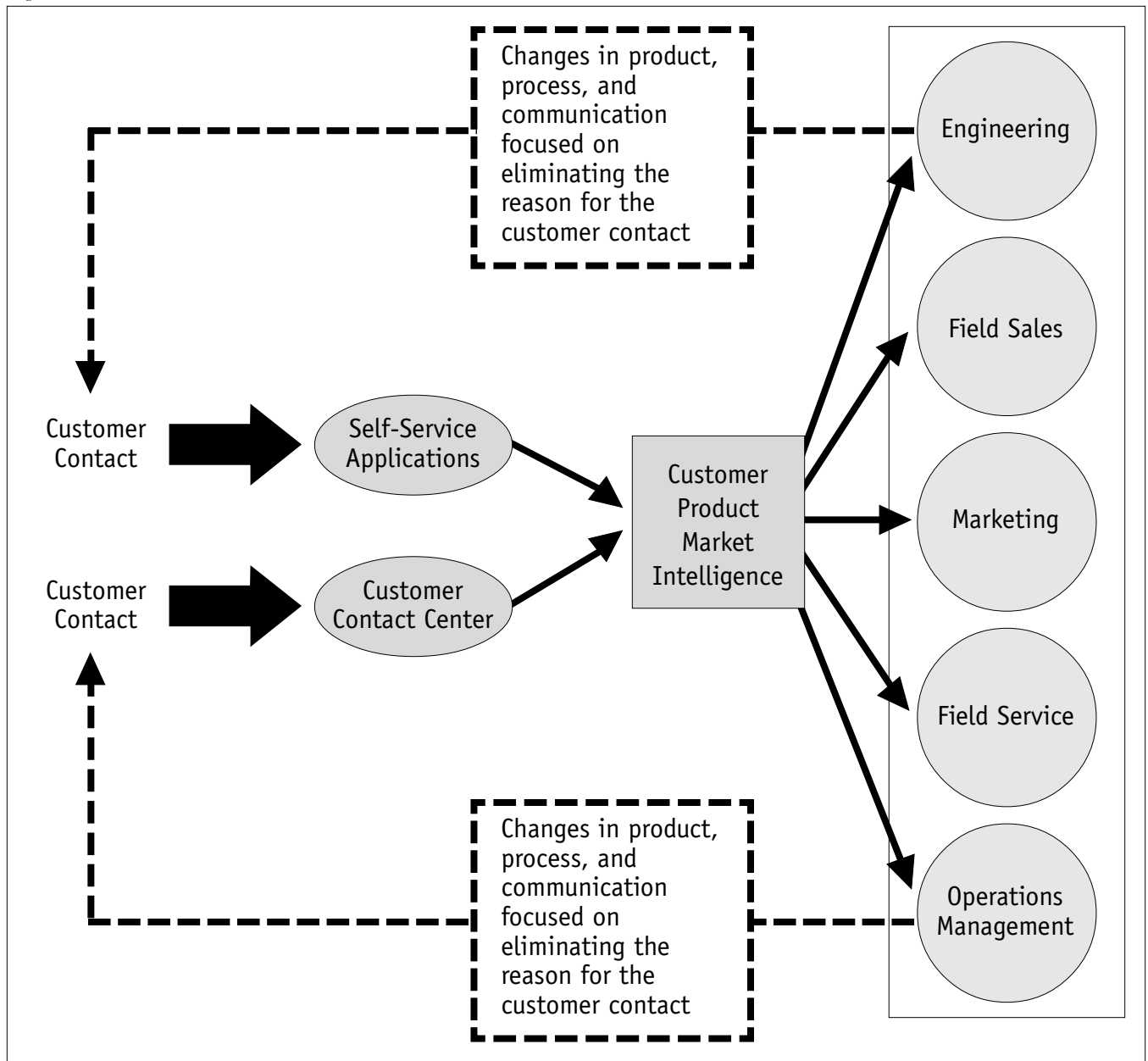


Figure 3



The current model assumes that customer contacts and service are the cost of doing business, and organizations are measured on how efficiently they do it while minimizing cost.

Figure 2 shows the current business model for customer contact centers. It shows them as informational cul-de-sacs without the required informational pipelines to other critical parts of the organization.

What customer contact centers need to become are funnels or conduits for information to flow to other areas of the organization that can transform the information into actionable data for improvement. The by-product for improving product, process, and communication failures is that you eliminate the need for the customer contact. The business focus needs to be shifted from contact han-

dling to contact elimination, as shown in the organizational diagram in Figure 3. What needs to be asked is: Why do customers contact us, and what is required to eliminate the need to contact us?

These simple questions form the rudimentary basis for root cause analysis, which is a quality control methodology to eliminate deviations and failures. Well if all of *this* sounds good,

then the real challenge is, how does an organization begin to transform itself and begin to perform “un-service,” or customer contact avoidance?

Front-end processes, as we discussed earlier, cross the boundaries of numerous functional groups within an organization. This is a complex organizational and process reengineering endeavor. It must be sanctioned and supported at the highest levels of an organization, and a multidisciplinary, cross-functional project team must be assembled to define, plan, implement, monitor, and maintain it.

A Simple Solution

It is a simple solution that is often the best for serving customers and reducing organizational costs. Some may think this idea is too great a departure from traditional models, so companies will continue to treat the symptoms of poor quality. They’ll continue to shift this labor-intensive activity offshore to developing nations to reduce cost.

There are huge obstacles to providing quality service and support to customers. The activities are labor-intensive, and the quality of the staff re-

quired to perform these functions well is quite high; as a result, it is extremely costly. Because labor costs are so high, most of the technology and infrastructure required is productivity-enhancing and highly automated. For these reasons, the technology is highly specialized and costly as well.

The simple question remains to be answered: Why do it? The honest response is that we do it this way because everyone else is doing it this way. It is all we know how to do. It is the safe and conventional approach, even if it is not the best approach.

Companies that are now investing in traditional or current CRM technology and initiatives are already behind the times and are investing in an area that, in the coming years, will be engineered away. So too are companies that are addressing customer needs by typical service and contact models of the last 30 years. Customer needs are being looked at in new and visionary ways from a process standpoint, with service processes and product design at its heart.

The issue remains, handling customer contacts more efficiently is a

concept rooted in the last century. Creatively solving their issue before it becomes a problem is at the heart of “un-service,” or customer contact elimination. This is a new way of looking at customer contacts, quality, loyalty, and service going forward.

Successful delivery of service has little to do with technology, staff productivity, or budgets allocated, and it has much more to do with business operations processes and practices. The future belongs to the innovative and imaginative and those visionary enough to see the promise in new approaches to solving old problems.

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